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AUG 23 1985

IN THE MATTER of the Gas
Resources Preservation Act,
being chapter G-3.1 of the
Statutes of Alberta, 1984;
and

IN THE MATTER of a permit to
Lac Minerals Ltd. authorizing
the removal of gas from the
Province

PERMIT NO. LM 85-1

WHEREAS Lac Minerals Ltd. has applied in Application No. 850252 to the Energy Resources Conservation Board for a permit, pursuant to the Gas Resources Preservation Act, authorizing the removal from the Province of gas produced from certain pools, fields and areas; and

WHEREAS the Board, upon inquiry into the application, has found that Lac Minerals Ltd. is a person who appears to have made arrangements to purchase gas within the Province and proposes to remove such gas from the Province, and that the provisions of the Gas Resources Preservation Act affecting the application have been complied with; and

WHEREAS the Board is of the opinion that the granting of the application for the removal of gas from the Province is in the public interest, having regard to the present and future needs of persons within the Province, to the established reserves and trends in growth and discovery of reserves of gas in the Province, and to the expected economic costs and benefits to Alberta of the removal of the gas from the Province; and

WHEREAS the Minister of Energy and Natural Resources has given his approval, hereto attached as Appendix A.

THEREFORE, the Energy Resources Conservation Board, pursuant to the Gas Resources Preservation Act, being chapter G-3.1 of the Statutes of Alberta, 1984, hereby grants a permit to Lac Minerals Ltd. (hereinafter called "the Permittee") authorizing the removal of gas from the Province, subject to the regulations and orders made pursuant to the said Act and the terms and conditions prescribed in this permit as follows:

1. Subject to the conformity by the Permittee with the terms and conditions hereof, this permit shall be operative for a 2-year term commencing on the date hereof.

2. The quantity of gas that may be removed from the Province pursuant to this permit shall not exceed,

- (a) during the term of the permit, a total of 222 939 860 cubic metres, nor
- (b) during any consecutive 24-hour period or any consecutive 12-month period ending 31 October, rates limited by field productivity and good engineering practice, but in a 24-hour period such rates shall not exceed 396 589 cubic metres and in a 12-month period such rates shall not exceed 111 469 930 cubic metres.

3. Notwithstanding clause 2, subclause (b) the Permittee, for purposes only of alleviating temporary operating problems caused by pipeline or equipment failure, may remove in any consecutive 24-hour period 110 per cent of the volume of gas authorized for such period by clause 2, subclause (b).

4. (1) The Permittee, subject to clause 5, may remove or cause to be removed from the Province under the authority of this permit, only gas produced from the following pools, fields and areas:

| | | |
|----------|----------|--------|
| Caroline | Retlaw | Ansell |
| Chain | Sundre | |
| Farrell | Benbow | |
| McLeod | Minehead | |

(2) Each pool, field or area named in clause 4, subclause (1) of this permit shall be construed as being the pool, field or area of the same name, as such pool, field or area may be designated from time to time by the Board, pursuant to the Oil and Gas Conservation Act.

(3) Where any pool, field or area named in this permit is revised or designated by the Board in a manner otherwise than by the name referred to herein, the Board may, by stipulation hereto, substitute the revised name designated for any such pool, field or area named in this permit.

5. (1) For purposes of this permit, gas acquired by the Permittee from sources other than from pools, fields and areas named in clause 4, subclause (1) may, subject to the provisions of subclauses (2) and (3), be removed from the

Province in substitution for gas produced or to be produced from pools, fields and areas named in clause 4, subclause (1).

(2) The total volume of gas removed from the Province during each 12-month period ending 31 October, shall not exceed the total volume of gas actually produced from the pools, fields and areas named in clause 4, subclause (1).

(3) Gas acquired by the Permittee from sources other than from pools, fields and areas named in clause 4, subclause (1), shall be deemed to be first used to supply sales to consumers, communities and utilities in Alberta, pipeline fuel and losses, and fuel and shrinkage at reprocessing plants in Alberta.

(4) For the purpose of this clause, all volumes shall be balanced on an energy basis.

6. The Permittee shall remove or cause to be removed pursuant to this permit only such gas as is transported on behalf of the Permittee through Section 11 or Section 12, both in Township 20, Range 1, West of the 4th Meridian, for delivery from the facilities of NOVA, AN ALBERTA CORPORATION to the pipelines of TransCanada PipeLines Limited.

7. (1) All gas removed from the Province pursuant to this permit shall be measured by or on behalf of the Permittee by master meters approved by the Board and located so as to measure the gas which is delivered in accordance with the approved points of removal referred to in clause 6.

(2) The relative density and higher heating value of all gas received by the Permittee through the facilities referred to in clause 6 shall be measured by or on behalf of the Permittee at or near the points at which gas is delivered by the said facilities.

(3) The measurements required by this clause shall be made in a manner approved by the Board and shall be reported monthly in a manner approved by the Board.

8. Notwithstanding any provisions of any contract for the purchase or other acquisition of gas, the Board may require the extraction of any substance or substances except methane from any gas before its removal from the Province pursuant to this permit.

9. The Permittee shall,

(a) before removal of gas from the Province, file copies of the Gas Sales Contracts which specify

the price to be paid for the gas at the Canadian border, and

- (b) upon the execution thereof, promptly file copies of any documents which change the price to be paid for gas.

10. The Permittee shall satisfy the Board throughout the term of the permit that the price to be paid for gas continues to be in the public interest of Alberta within the meaning of section 5(3) of the Act.

11. All quantities of gas for the purpose of this permit shall be referred to a 101.325 kilopascal pressure base and a 15° Celsius temperature base.

12. The Permittee shall supply gas from the pipeline of NOVA, AN ALBERTA CORPORATION at a reasonable price to any community or consumer within the Province, or to any public utility requiring gas from such community or consumer that is willing to take delivery of gas at a point on the pipeline transmitting the gas, and that, in the opinion of the Board, can reasonably be so supplied by the Permittee.

13. If any community, consumer or public utility is willing to take delivery of gas pursuant to clause 12 and agreement on the price to be paid for the gas cannot be reached, the price to be paid shall be determined by the Public Utilities Board on the application of an interested party, and the part of the price attributable to transportation shall be based on the assumption that the gas has been supplied from the capable source or sources available to the Permittee nearest to the point of delivery.

14. Notwithstanding the provisions hereof, the Permittee shall comply with the provisions of any Act, regulation, order or direction governing the drilling for, production, conservation, gathering, transportation, processing, purchasing, acquisition, sale, measurement, reporting, testing, supply or delivery of gas within the Province.

MADE at the City of Calgary, in the Province of Alberta, this 19th day of August, 1985.

ENERGY RESOURCES CONSERVATION BOARD

G. J. DeSorcy
Vice Chairman

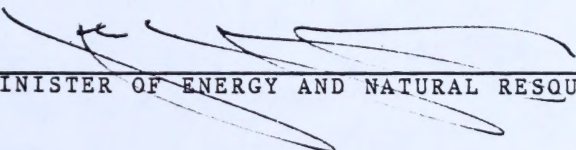
APPENDIX A TO PERMIT NO. LM 85-1

Department of Energy and Natural Resources

MINISTERIAL APPROVAL

Edmonton, Alberta
June 1985

Pursuant to section 10(2) of the Gas Resources Preservation Act, I, J. Zaozirny, Minister of Energy and Natural Resources, approve the granting of Permit No. LM 85-1 by the Energy Resources Conservation Board to Lac Minerals Ltd.


MINISTER OF ENERGY AND NATURAL RESOURCES

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